

Message Text

LIMITED OFFICIAL USE

PAGE 01 PEKING 01735 070806Z

15

ACTION EA-07

INFO OCT-01 EUR-09 ISO-00 NSCE-00 AGR-03 SWF-01 TAR-01

SAM-01 NIC-01 SAJ-01 AID-05 CIAE-00 COME-00 EB-03

FRB-01 INR-09 NSAE-00 RSC-01 TRSE-00 XMB-01 OPIC-02

SP-02 CIEP-01 LAB-01 SIL-01 OMB-01 NSC-07 SS-14

STR-01 CEA-01 L-02 H-01 DODE-00 PA-01 USIA-04 PRS-01

DRC-01 /086 W

----- 022189

R 070720Z OCT 74

FM USLO PEKING

TO SECSTATE WASHDC 2509

INFO AMEMBASSY CANBERRA

AMEMBASSY OTTAWA

AMCONSUL HONG KONG

LIMITED OFFICIAL USE PEKING 1735

E.O. 11652: N/A

TAGS: ETRD, EAGR, CH, US, CA, AS

SUBJECT: DELAYS IN CANADIAN WHEAT SHIPMENTS TO CHINA; PRC CANCELS
NEGOTIATIONS WITH AUSTRALIAN WHEAT BOARD

REF: A) PEKING 1666 NOTAL); B) PEKING 1683 (NOTAL)

1. REFTELS REPORTED THAT TWO US GRAIN SUPPLIERS (COOK AND DREYFUS) HAD REACHED AGREEMENT WITH THE CHINESE LAST MONTH ON POSTPONEMENT UNTIL NEXT YEAR OF APPROXIMATELY ONE MILLION TONS OF US WHEAT DELIVERIES ORIGINALLY SCHEDULED TO TAKE PLACE IN 1974. WE HAVE NOW INFORMATION THAT SOME 1974 CANADIAN WHEAT DELIVERIES TO THE PRC WILL BE SLIPPING INTO 1975 AND THAT THE CHINESE ARE STALLING ON FURTHER PURCHASES OF WHEAT FROM AUSTRALIA.

2. CANADA - CANADIAN EMBASSY SOURCES HERE REPORT THAT TWO
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PEKING 01735 070806Z

CANADIAN DOCK STRIKES WHICH HAVE BEEN UNDERWAY FOR OVER A MONTH HAVE

RESULTED IN SUBSTANTIAL DELAYS IN SCHEDULED CANADIAN WHEAT DELIVERIES TO THE PRC THIS FALL. AS A RESULT, IT IS PROBABLE THAT AT LEAST 500,000 TONS OF SCHEDULED 1974 DELIVERIES FROM CANADA WILL NOT TAKE PLACE UNTIL THE FIRST FEW MONTHS OF 1975. WE BELIEVE THAT THE CHINESE WERE AWARE OF THE LIKELIHOOD OF THESE DELAYS IN CANADIAN SHIPMENTS WHEN THEY NEGOTIATED THE POSTPONEMENT OF US WHEAT DELIVERIES MENTIONED IN PARA 1 ABOVE.

3. ACCORDING TO AUSTRALIAN EMBASSY SOURCES HERE, THE ANNUAL FALL VISIT OF AUSTRALIAN WHEAT BOARD (AWB) REPS TO PEKING, WHICH HAD BEEN SCHEDULED TO BEGIN ON OCTOBER 9 OR 10, HAS SUDDENLY BEEN CANCELLED AT THE REQUEST OF THE CHINA NATIONAL CEREALS, OILS AND FOODSTUFFS IMPORT AND EXPORT CORPORATION (CEROILFOOD). THE VISIT HAD BEEN AGREED TO EARLIER BY CEROILFOOD AND WOULD HAVE BEEN FOR THE PURPOSE OF FIXING THE PRICE AND AMOUNT OF WHEAT WHICH AWB WOULD SUPPLY TO CHINA IN 1975 UNDER THE THREE YEAR SINO-AUSTRALIAN WHEAT AGREEMENT. IN A MESSAGE TO AWB, CEROILFOOD EXPRESSED HOPE THAT THE AUSTRALIANS WOULD UNDERSTAND THAT "DUE TO VERY HEAVY PRESSURE OF WORK AND GREAT DIFFICULTY IN ARRANGING NEGOTIATIONS AT THIS TIME IT IS NECESSARY TO CANCEL THE AGREED NEGOTIATIONS." THE MESSAGE GAVE NO INDICATION AS TO WHEN THE TALKS MIGHT BE RESCHEDULED. (THE FOREGOING WAS OBTAINED IN CONFIDENCE AND SHOULD NOT BE DISCUSSED OUTSIDE THE USG UNTIL IT BECOMES PUBLIC INFORMATION.)

4. COMMENT: IT THUS APPEARS THAT THE CHINESE NOW HAVE A SHARPLY DIFFERENT PERCEPTION OF THEIR GRAIN IMPORT REQUIREMENTS THAN THEY DID IN JUNE AND JULY OF THIS YEAR WHEN CEROILFOOD SUDDENLY PURCHASED TWO MILLION TONS OF ADDITIONAL WHEAT FROM CANADIAN, AUSTRALIAN, US AND FRENCH SOURCES FOR DELIVERY IN 1974. THEY SEEM CONTENT TO HAVE POSTPONED US DELIVERIES EVEN IN THE FACE OF ANTICIPATED DELAYS FROM CANADA AND ARE UNWILLING OR UNABLE TO COMMIT THEMSELVES NOW ON NEXT YEAR'S SHIPMENTS FROM AWB.

5. VARIOUS FACTORS MAY BE INFLUENCING CHINESE THINKING, INCLUDING A POSSIBLE DESIRE TO HOLD DOWN THEIR BURGEONING TRADE DEFICIT THIS YEAR AND THE PROBLEM OF SERIOUS CONGESTION IN PRC PORTS. WE ARE INCLINED TO BELIEVE, HOWEVER, THAT THEY ARE NOW MORE CONFIDENT OF THEIR 1974 CROP SITUATION THAN THEY WERE FOUR LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 PEKING 01735 070806Z

MONTHS AGO, AND THAT THIS HAS LED TO A DOWNWARD REVISION IN THEIR ESTIMATES OF IMPORT NEEDS. USLO WOULD BE INTERESTED IN ANY INFORMATION WASHINGTON AGENCIES MAY HAVE ON THE RECENT DEVELOPMENTS AND WOULD APPRECIATE AN UPDATED ESTIMATE OF CHINA'S PROJECTED GRAIN IMPORTS FOR 1974.
HOLDRIDGE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: WHEAT, SALES
Control Number: n/a
Copy: SINGLE
Draft Date: 07 OCT 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974PEKING01735
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740283-0583
From: PEKING
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741067/aaaacfaq.tel
Line Count: 113
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A) PEKING 1666 NOTAL; B) PEKING 168, 3 (NOTAL)
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 15 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 APR 2002 by ifshinsr>; APPROVED <19-Aug-2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DELAYS IN CANADIAN WHEAT SHIPMENTS TO CHINA; PRC CANCELS NEGOTIATIONS WITH AUSTRALIAN WHEAT BOARD
TAGS: ETRD, EAGR, CH, US, CA, AS
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005